

BUDGET, FINANCE & INVESTMENT COMMITTEE

December 8, 2011

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Lisa Nolen
Melissa Stinson
Nicole Lester
Brian Robertson
Lee Harris
Joe Russell

Others Present:

Karen Neal
Sam Crewse
Jeff Sandvig
Elaine Short

Chairman Ealy presided and called the meeting to order with all members being present.

APPROVE MINUTES:

The minutes of the November 10, 2011 Budget Committee were presented for approval.

Comm. Shafer moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Chairman Ealy advised that no investment transactions occurred during the month. There was no change in the LGIP interest rate, which remained at .12%.

Chairman Ealy advised that even though county offices would be closed on Friday, December 30 for the New Year's Holiday, the Trustee's office would be open from 8:00 A.M. until 4:30 P.M. for those citizens who wanted to pay their property taxes in this calendar year.

Chairman Ealy also advised that the City of Murfreesboro's Treasury Office would also be open on Friday, December 30 from 8:00 A.M. until 4:30 P.M. for those individuals who wanted to pay their property taxes before the end of the year.

Comm. Sandlin moved, seconded by Comm. Peay to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

The Finance Director presented the monthly Fund Condition Report for the use and information of the committee advising that the Development Tax collections for the month of November were \$36,750. The year-to-date collections totaled \$352,500. This compared to the same period last year when the monthly collections were \$43,500, and the year-to-date collections were \$396,750.

The committee reviewed the fund cash balances totaling \$116,719,011, with operating funds being \$99,086,495, and borrowed funds being \$17,632,516. This compared to the same period last year when the total fund cash balances were \$113,102,571 with operating funds being \$109,718,687 and borrowed funds being \$3,383,884.

The Finance Director noted that the General Fund's cash balance was substantially less than last year, but she reminded the committee that last month almost \$2 million was transferred from the General Fund to the General Capital Projects Fund for various projects for the Sheriff's Department.

The Finance Director also reminded the committee that \$15 million had been transferred from the General Debt Service Fund to the General Capital Projects Fund.

The Finance Director reviewed the revenue collections advising that revenues for the General Fund were 25.6% collected. She advised that compared to last year the property tax collections were slightly behind, but compared to the previous years the property tax collections were where they should be at this point in the year.

The revenue collections for the Solid Waste fund were running ahead of last year primarily due to increased tipping fees from the hail damage. The Finance Director also noted that the sales tax collections were not as bad thus far in the year as had been projected.

The sales tax collections for schools were running approximately 5% ahead of last year.

Following review, Comm. Jernigan moved, seconded by comm. Peay to approve the Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT REPORT:

Mrs. Melissa Stinson, Risk Management Director, presented the Insurance Financial Report for the use and information of the committee advising that the cost per employee per month for the medical, dental, and vision plan was \$685.07. When including the on-site medical experience, the cost per employee per month was \$762.67. This compared to the prior year-to-date average cost of \$721.97.

Mrs. Stinson noted that the office visits for the on-site medical clinic reflected 856 visits. However, Take Care has been recording the office visits differently than CareHere, and the office visits only reflected the number of individuals who saw a nurse practitioner or a physician. She advised that she has requested that Take Care include visits for all services in the number of visits.

She advised that the cost of \$391,520.20 for the on-site medical costs for the month of November included the implementation costs and two months of operational costs.

The committee discussed appointment scheduling concerns regarding the Take Care clinics.

Regarding the OJI and Workers' Compensation Performance, Mrs. Stinson advised that the year-to-date claims paid were \$260,016.82. This compared to \$250,444.23 for the same period last year. The claims cost is running 1% ahead of last year.

Following review, Comm. Sandlin moved, seconded by Comm. Peay to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

RECOMMENDATION TO REMOVE OPTION ONE FROM 2013 HEALTH BENEFIT ELECTION:

Mrs. Stinson provided information regarding the history of the medical plan enrollment for the years 2010, 2011, and 2012. She explained that last year when the premium rates for the medical plan were discussed, she advised that option one needed an increase of 32.6% for 2012. Because the premium would fund the claims, the decision was made to hold the rate flat, see what the plan experience revealed, and then make considerations for 2013.

Mrs. Stinson advised that a letter had been mailed to all option one enrollees providing them with a benefit and financial analysis of option one versus option two. She stated that there was

not a lot of difference between the two plan designs. She advised that 72% of the people enrolled in option one responded to the letter, completed their analysis, and moved to either option two or option three. She advised that as of January 1, 2012, 237 people would still be enrolled in option one.

Mrs. Stinson advised that as soon as open enrollment was closed, and because of the budget process, it was important that she began the process of establishing premium rates for the upcoming year so that during the budget process the required funding could be finalized. She advised that she had begun the 2013 rate process, and it has revealed that the necessary increase for option one would need to be in excess of 60%. She advised that there were 237 people who still thought it was worth it to them to pay substantially more in premium. She explained that a decision had to be made as to whether or not to still offer option one in 2013 or discontinue offering option one, and were there better options that could be offered.

A proposal was made to the Insurance Committee to discontinue offering option one in 2013, look at other plan designs, and look at modifications to the current plans so that plans could be offered that were beneficial, appropriate, and that were better defined in terms of costs for the employees.

Mrs. Stinson advised that the Insurance Committee voted unanimously to remove option one from the 2013 health benefit elections.

Comm. Peay asked if the 60% increase to option one was the only option that needed to be increased, or did this also affect the other options.

Mrs. Stinson advised that option two would need a rate increase, as well. She stated that there were some variables that would determine what the final rates would be. She advised that the medical plan was currently out to bid, and once the administration rates were established, that would affect what the final rate would be. She stated that additional months of experience would be accumulated before the final rates were determined.

Comm. Baum asked if the recipients of option one would pay the 60% rate increase.

Mrs. Stinson advised that currently the county paid 77% of the premium, and the employees paid the balance.

Mrs. Stinson advised that insurance was complicated, and it was intimidating to people. She stated that she believed that this was a situation where a decision needed to be made on behalf of the individuals who have chosen to remain on option one and knowing that the county has a responsibility to offer other options that are well balanced in terms of benefit and financial costs.

Mayor Burgess advised that other options would be identified as well as possibly modifying options two and three.

Mrs. Stinson advised that it was important to know what the future of option one was going to be, because during the process of looking at plan designs and determining the premium levels, if option one was not available, other options would need to be developed. With option one out of the equation; certain assumptions would have to be made with the other plans. She stated that would also affect the rates.

Following discussion, Comm. Jordan moved, seconded by Comm. Shafer to remove option one from the 2013 health plan benefit elections and to make available a more feasible different option at that time.

The motion passed unanimously by roll call vote.

RECOMMENDATION TO REMOVE CO-PAY FOR PREVENTIVE GENERIC MEDICATION:

Mrs. Stinson advised that she had met with Cigna in October to review the experience for the prior fiscal year. It showed that hypertension and diabetes were the most prevalent conditions.

One thing that was identified was that there were over 3,600 gaps in care. Gaps in care are identified when looking at labs, medical experience, and pharmaceuticals. Someone who is on medication and receives refills at 45 days instead of 30 days would indicate a gap in care. She stated that the individuals were either skipping doses or splitting pills, but in any case they were not taking the medication as prescribed. She stated that this would lead to more costs within the health plan. She advised that the county population was looking at the most cost-effective way to obtain prescriptions. She stated that there was a high utilization of the on-site clinics for the purpose of walk-in pharmacies. She stated that there was a concern that as individuals were directed to the retail pharmacies that they either would not take their medication or they would begin splitting their drugs.

Mrs. Stinson advised that she asked Cigna to take a list of the prescription medications that were available through the on-site clinics and to tell her if it was possible to convert the medications to a zero out-of-pocket through either retail or mail. Cigna advised her that they already had a program like that called preventive generic drugs.

Healthcare Reform requires that non-grandfathered plans offer the medications as preventive drugs.

Mrs. Stinson provided a copy of a preventive generic drug list, which Cigna compared to the medications offered through the on-site clinics. Cigna advised that all of the drug classes were covered at the clinics and in some instances the drug class was expanded.

Mrs. Stinson advised that she thought that the county had to do what it could. She stated that because of the number of HRA's, it was already known that there was a certain segment of the population who were not taking care of themselves. She stated that, where she could, she wanted to remove the financial limitations that some of the employees had so that they could receive the proper care and treatment. She stated that she believed it would be in the county's interest to make the generic drug list available to employees through retail or mail with zero out-of-pocket costs.

Comm. Peay asked if the list could also be sent to local physicians.

Mrs. Stinson advised that it might be possible to obtain the names of the top 25 physicians used by county employees and send the list to them.

She stated that the earliest the generic drug list could be made available would be January 1, 2012 because it would take Cigna some time to get their system set up. She stated that at that time, she could send the list to all employees.

Following discussion, Comm. Peay moved, seconded by Comm. Sandlin to put into place the Cigna preventive generic drug list, which would be available through retail or by mail, with zero out-of-pocket costs.

The motion passed unanimously by roll call vote.

GENERAL FUND BUDGET AMENDMENTS

ELECTION COMMISSION:

Mrs. Nicole Lester, Election Administrator, was present to request approval of the following budget amendment to request additional funding for the Postal Charges Account and the Printing Stationery & Forms Account for printing the registration cards due to reapportionment:

From: 101-39000 – Unassigned Fund Balance -	\$81,000
To: 101-51500-348 – Postal Charges -	\$71,000
101-51500-349 – Printing, Stationery & Forms -	10,000

Mrs. Lester advised that the costs due to reapportionment were omitted from the original budget request. She advised that the new county commission districts would not be used until August elections. However, early voting begins 20 days prior to the August 2 election, and the voters would need to know their new districts and voting precincts. She stated that she hoped the new voter cards could be mailed in either May or early June.

Mayor Burgess advised that the Printing, Stationery & Forms Account originally had \$10,000 budgeted, and only a small amount had been spent to date. He asked Mrs. Lester if she would need \$20,000 to print the cards.

Mrs. Lester advised that there would be other forms that would need to be printed. She stated that the election process was just beginning. She stated that they had not spent very much to this point, but the election process was just beginning. She stated that whatever money might be left over, she would request that it be rolled into the next fiscal year's budget.

Comm. Jordan stated that the Budget Committee tried to be very guarded with the Unassigned Fund Balance, and asked department heads to look within their budget before requesting money from the Unassigned Fund Balance.

Following discussion, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Election Commission as requested amending \$81,000 from Account 101-39000, Unassigned Fund Balance, with \$71,000 to Account 101-51500-348, Postal Charges, and \$10,000 to Account 101-51500-349, Printing, Stationery & Forms.

The motion passed unanimously by roll call vote.

CORRECTIONAL WORK CENTER:

The Finance Director requested approval of the following budget amendment for the Correctional Work Center to provide additional funding for the Maintenance Agreements Account to obtain maintenance agreements to cover repairs on kitchen equipment:

From: 101-54220-399 – Other Contracted Services -	\$4,500
To: 101-54220-334 – Maintenance Agreements -	\$4,500

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer for the Correctional Work Center as requested transferring \$4,500 from Account 101-54220-399, Other Contracted Services, to Account 101-54220-334, Maintenance Agreements.

The motion passed unanimously by roll call vote.

INFORMATION TECHNOLOGY:

Mr. Brian Robertson, Information Technology Director, and Mr. Lee Harris were present. Mr. Robertson advised that Mr. Harris and his staff comprised the communications division, and they were responsible for televising the commission and committee meetings.

Mr. Robertson advised that the Steering Committee suggested that he begin the process of purchasing 10 iPad 2's to eliminate some of the paper used in committee meetings. He explained that he would be purchasing the iPads within his existing budget.

Comm. Jordan asked how that would work.

Mayor Burgess advised that use of the iPads would begin with the committee meetings.

Mr. Robertson advised that the iPads would be stationed in Room 205 prior to the committee meeting and ready to be used during the committee meetings. He stated that the process would begin very slowly with one committee at a time.

The committee discussed whether or not there would be any issues with the Sunshine Law, and if Mr. Robertson would discuss the same with the County Attorney.

Mr. Robertson advised official county e-mail addresses would be created for every commissioner, and he was of the position that any and all e-mails received and sent by county commissioners via county e-mail addresses would be public record and subject to the Open Records Law as they are now for all county employees.

Mr. Robertson requested approval of the following budget transfer to provide funding to establish MS Exchange mailboxes for commissioners, to repair a courtroom projector, to install a ceiling mounted projector for Room 205, and to replace a video switch on the mobile video unit. The source of funding will come from the Other Charges Account in the County Mayor's budget:

From:	101-51300-599 – County Mayor/Other Charges -	\$10,766
To:	101-52600-411 – Data Processing Supplies -	\$ 2,470
	101-52600-317 – Data Processing Services -	1,900
	101-52600-790 – Other Equipment -	6,396

Following discussion, Comm. Sandlin moved, seconded by Comm. Peay to approve the budget amendment for the Information Technology Department as requested amending \$10,766 from Account 101-51300-599, County Mayor, Other Charges, with \$2,470 to Account 101-52600-411, Data Processing Supplies, \$1,900 to Account 101-52600-317, Data Processing Services, and \$6,396 to Account 101-52600-790, Other Equipment.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT/JAIL:

Mr. Joe Russell, Chief Deputy, requested approval of the following budget amendment to replace an amendment that was approved in November:

Decrease Revenue:	101-44570 – Contributions/Gifts -	\$24,000
Decrease Expend.:	101-54110-399 - Other Contracted Svc. -	\$24,000
Increase Revenue:	121-44570 – Contributions & Gifts -	\$24,000
Increase Expend.:	121-54110-399 – Other Contracted Svc. -	\$24,000

Mr. Russell also requested approval of the following budget amendments to transfer funds from the Detention Other Contracted Services to the Sheriff's Department Rental Account for narcotics, storage and horse barn rentals; to recognize revenue from donations to be used for the memorial garden, community garden, Operation Integrity, and Shop with the Sheriff; to recognize revenue from the sale of bricks, coins and t-shirts to be used for the memorial garden and the community garden:

From:	101-54210-399 – Jail/Other Contracted Services -	\$19,400
To:	101-54110-351 – Sheriff's Dept./Rentals -	\$19,400
Increase Revenue:	101-44570 – Contributions & Gifts -	\$11,578
Increase Expend.:	101-54110-399 – Sheriff/Other Contracted Svc. -	\$10,093
	101-54110-499 – Sheriff/Other Supplies/Mat. -	725
	101-54210-499 – Jail/Other Supplies/Materials -	760

Increase Revenue:	101-44130 – Sale of Supplies/Materials -	\$ 1,410
Increase Expend.:	101-54110-399 – Sheriff/Other Contracted Svc. -	\$ 1,275
	101-54210-499 – Jail/Other Supplies/Materials -	135

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget amendments for the Sheriff's Department and Jail as requested decreasing Account 101-44570, Contributions & Gifts, by \$24,000 and decreasing Expenditure Account 101-54110-399, Sheriff's Department, Other Contracted Services, by \$24,000; increasing Revenue Account 121-44570, DEA Special Purpose Fund Contributions & Gifts, by \$24,000 and increasing Expenditure Account 121-54110-399, DEA Special Purpose Fund Other Contracted Services, by \$24,000; amending \$19,400 from Account 101-54210-399, Jail Other Contracted Services, to Account 101-54110-351, Sheriff's Department Rentals; increasing Revenue Account 101-44570, Contributions & Gifts, by \$11,578 and increasing Expenditure Accounts 101-54110-399, Sheriff's Department Other Contracted Services by \$10,093, 101-54110-499, Sheriff's Department Other Supplies & Materials by \$725, Account 101-54210-499, Jail Other Supplies & Materials by \$760; increasing Revenue Account 101-44130, Sale of Materials & Supplies, by \$1,410 and increasing Expenditure Accounts 101-54110-399, Sheriff's Department Other Contracted Services by \$1,275 and Account 101-54210-499, Jail Other Supplies & Materials, by \$135.

The motion passed unanimously by roll call vote.

DEA SPECIAL PURPOSE FUND BUDGET AMENDMENTS:

The Finance Director requested approval of the following budget amendment for the DEA Special Purpose Fund advising that the fund balance for the DEA Fund had been accounted for in Account 121-34725, Assigned for Public Safety. Since the funds are derived from asset forfeitures, the auditors have advised that the fund balance should be restricted. The following budget amendment reclassifies the fund balance from Assigned for Public Safety to Restricted for Public Safety:

From:	121-34725 – Assigned for Public Safety -	\$204,130
To:	121-34525 – Restricted for Public Safety -	\$204,130

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget amendment for the DEA Special Purpose Fund to reclassify the fund balance from assigned to restricted amending \$204,130 from Account 121-34725, Assigned for Public Safety, to Account 121-34525, Restricted for Public Safety.

The motion passed unanimously by acclamation.

Mr. Russell requested approval of the following budget amendment to recognize asset forfeitures received in the DEA Special Purpose Fund, and to appropriate the revenue for in-service training:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$ 1,138
Increase Expend.:	121-54110-196 – In-Service Training -	\$ 1,138

Comm. Sandlin moved, seconded by Comm. Jordan to approve the budget amendment for the DEA Special Purpose Fund increasing Revenue Account 121-47700, Asset Forfeiture Funds, by \$1,138 and increasing Expenditure Account 121-54110-196, In-Service Training, by \$1,138.

The motion passed unanimously by roll call vote.

Comm. Peay asked Mr. Russell to bring a list of the cost of all of the rentals to the Public Safety Committee meeting.

ANNUAL CONTRACT IN LIEU OF PERFORMANCE BOND FOR LANDFILL:

Chairman Ealy presented the amendment to the Annual contract in Lieu of Performance Bond for the Rutherford County Sanitary Landfill. The annual inflation adjustment has been decreased from \$3,472,384 to \$3,368,578.

Comm. Jernigan moved, seconded by Comm. Jordan to approve the amendment to the Annual Contract in Lieu of Performance Bond for the Rutherford County Sanitary Landfill reducing the amount of financial assurance from \$3,472,384 to \$3,368,578.

The motion passed unanimously by acclamation.

FEDERAL TAX COMPLIANCE POLICIES AND PROCEDURES:

Ms. Karen Neal from the law firm of Bass, Berry & Sims and Mr. Sam Crewse, Stephens, Inc. were present to discuss proposed Federal Tax Compliance Policies and Procedures.

The Finance Director reminded the committee that at the November Budget Committee meeting and the County Commission meeting a Resolution was adopted establishing a Debt Management Policy. She advised that in order to comply with federal tax rules, federal tax compliance policies and procedures were being proposed.

Ms. Karen Neal, from Bass, Berry & Sims, who is Rutherford County's bond counsel, advised that the interest that the county received from debt proceeds was exempt from federal income tax. Along with that comes a number of complicated federal tax laws and rules and regulations that the county needed to comply with and does comply with in order to keep the bonds tax exempt and have the benefit of a much lower interest rate. The Resolutions that the commission adopts when they issue debt contains a covenant that says the county will do everything that is necessary to keep the bonds tax exempt both from the time they are issued through the life of the bond issue. The county officials also sign a federal tax certificate that acts as a road map for not only the issuance of the bonds but also for tracking the investment of the proceeds from the bonds over time, the use of the facilities, and a number of other things that are necessary to make sure that over the life of the bonds they remain tax exempt. The Federal Government, through the I.R.S., has required since 1986 that Form 8038G, which is an informational reporting form, be filed with the Federal Government each time tax exempt bonds are issued. She stated that the Form 8038G had been revised, and there were a number of new questions that the county must respond to when debt is issued. One of the questions is whether or not the county has written policies and procedures that govern both the issuance of the debt, tracking the investment of the proceeds, the use of property over time, and the education of the staff who would be responsible for monitoring all of these things. The I.R.S. has stated that the federal tax certificate, while it is written and serves as a road map for the bond issue, is not sufficient as a generic tax policy and procedure.

As a consequence, proposed Federal Tax Compliance Policies and Procedures have been drafted. She stated that the policy puts in writing the things that the Finance Director and her staff were already doing in an exemplary manner. The policy sets out the procedures for tracking the expenditure of proceeds, tracking the use of property financed with tax-exempt obligations, investment of proceeds of the bonds and tracking the rebate that might be due to the Federal Government, maintaining records, and various other miscellaneous provisions that relate to tracking the information to make sure that the projects remain public.

Ms. Neal advised that the Form 8038G contains boxes that ask if there are written policies and procedures. If not, the I.R.S. has said that was something that they would consider in determining their candidates for random audit.

Ms. Neal advised that the policies and procedures named the Finance Director as the official who was responsible for making sure that the county complies with all of the requirements.

Comm. Sandlin asked Ms. Neal if her firm would charge additional fees related to the itemized items under Section II.

The Finance Director advised that the items listed under Section II were things that the county would not do.

Comm. Jordan stated that Bass, Berry and Sims was strictly the county's bond counsel.

Comm. Sandlin asked what the fee was for a telephone call.

The Finance Director advised that the bond counsel was paid at the time bonds were issued. She stated that Bass, Berry & Sims did not bill the county for interim phone calls that were made.

Ms. Neal stated that because their opinion was included on the bonds that stated that they were tax exempt, other discussions were considered as preventative. If issues can be worked through ahead of time before a problem occurs, that is much better for everybody.

Following discussion, Comm. Jordan moved, seconded by Comm. Sandlin to approve the Federal Tax Compliance Policies and Procedures and to forward a Resolution to the County Commission proposing the same.

The motion passed unanimously by roll call vote.

RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS
NOT TO EXCEED TWENTY-ONE MILLION DOLLARS:

Mr. Sam Crewse, Stephens, Inc. advised that this particular financing actually started three years ago. In 2008 and 2009 there was some interest to take advantage of the lower short-term interest rates. On September 11, 2008, the County Commission adopted an initial resolution authorizing the issuance of \$85,000,000. Some of the financing was done as long-term fixed and \$21 million was carved out to be short-term to get a lower rate. The county did receive a rate of 1.94%. At that time, the long-term fixed rate would have been between 4% and 4.5%. The decision was made at that time to lock in the short-term rate for three years. He advised that approximately \$200,000 per year was saved by doing that.

Mr. Crewse advised that three years was approaching, and the note was coming due. The three-year note was never meant to be permanent financing. It was designed to give the county some flexibility.

Mr. Crewse explained that some things had happened and changed over the past few years. First, long-term rates are currently lower than they were. They are between one-half and three-fourths of a percent lower than they were at that time. Secondly, Mr. Crewse stated that it was his opinion that the perceived risk of the short-term issues has grown. He advised that the \$21 million comes due on a certain day. He stated that the financing had to be arranged beforehand. He stated that he believed there was more sensitivity in the world as to what would happen if the financing could not be obtained. Also, the United States Government has been downgraded, and there was talk in Washington about changing the tax law treatment to buyers of tax free bonds. Additionally, the county will be issuing \$50 million in long-term fixed bonds anyway.

Mr. Crewse advised that in consultation with the Finance Director and the Mayor, the thought was it might be prudent to lock in the savings that the county has already achieved, lock in the savings from lower long-term rates, and refinance the three-year note with the new 20-year issue that the county would be issuing probably in January. He stated that the issue would then become long-term locked in money probably in the 3.5% range. He stated that the county would be converting the notes to bonds. He stated that he believed that the perception would be that the county was improving their risk profile. He stated that the assumption would be that the issue would be amortized on the same schedule as the other \$50 million in bonds.

Mr. Crewse advised that the 2011 annual audit should be finalized soon, and it could be sent to the rating agencies. He stated that it was hard to sell bonds the week of Christmas or the week after Christmas, so that would put the sale into January.

The Finance Director advised that the Resolution contained a lot more information and more attachments than the committee had seen before as result of the Debt Management Policy.

Following discussion Comm. Shafer moved, seconded by Comm. Jernigan that the \$21 Million Capital Outlay Notes be converted to General Obligation Bonds and that a Resolution be forwarded to the County Commission authorizing the issuance of General Obligation Bonds not to exceed \$21 million at a fixed rate with a 20-year pay back and sold at the same time as the \$50 million issue already approved.

The motion passed unanimously by roll call vote.

2012-2013 BUDGET CALENDAR:

A proposed 2012-2013 Budget Calendar was presented to the committee for approval.

The committee considered May 3 or May 10 as the date that the committee would receive the consolidated budget document including the Mayor's recommendation. Chairman Ealy advised that May 10 would be the committee's regular monthly meeting. Also, the committee considered either June 6 or June 7 as the date that the Budget Committee would review and propose the annual budget for publication and the public hearing. Chairman Ealy also advised that June 7 would be the committee's regular monthly meeting.

Comm. Jernigan moved, seconded by Comm. Baum to schedule the meeting for the committee to receive the consolidated budget document along with the Mayor's recommendation at the regular meeting on May 10; and to schedule the meeting to propose the annual budget for publication and the public hearing at the regular meeting on June 7. The County Commission meeting to adopt the budget was scheduled for Friday, June 29.

The motion passed unanimously by acclamation.

OTHER BUSINESS

BRICK VENEER REPAIR AT RUTHERFORD COUNTY SHERIFF'S DEPARTMENT:

Mayor Burgess advised that it had been discovered that the remediation work that needed to be done on the brick veneer at the Rutherford County Sheriff's Department was double as to what was originally determined. He advised that he had informed Chairman McAdoo and all of the Property Management Committee members about the additional work that needed to be done and received their permission to present the issue to the Budget Committee. Mayor Burgess advised that if the issue was not presented to the County Commission in December it would be the middle of January before it could be approved. He stated that he believed that it was important enough to be considered this month.

Mr. David Kline of Kline Swinney Associates, who is the architect on the project, was present. Mr. Kline advised that the contractor on the brick veneer project had discovered a serious rotation in the top shelf angle on the west side of the building. Mr. Kline explained that the angle had rotated up about 7/8 of an inch. He explained that when the building was constructed, the expansion was not put in place. Because the shelf angles were installed with an expansion bolt rather than an anchor bolt, the bolt has come loose. This has resulted in some of the bricks below the angles being pushed out 1/2", and the brick ties above the ninth floor coming close to rising out of their wall ties.

Mr. Kline explained that the contractor opened a 2' x 3' brick area at each shelf angle and found the following: third floor shelf angel was flat, no rotation; fifth floor shelf angle had rotated up

to ¼”; seventh floor shelf angle had rotated up 3/8” to ½”; and the ninth floor shelf angle had rotated up 7/8”. This varies around the building.

Neither the consultants, ECS from Chicago, nor the contractor, Williams Restoration, have ever seen a similar situation where the shelf angles rotate up.

Mr. Kline explained that over time, brick would take on water and it would grow, but it never shrinks back and continues to grow. The shelf angle would allow the brick to expand. In this situation, the brick has grown by 1 ½”, and the block has shrunk. Mr. Kline proposed the following:

1. Support all four levels of shelf angles with new clip angles. These will stabilize and support the existing angles already in place.
2. Cut 3/8” horizontal joint in bricks directly below the angles to allow future expansion between the shelf angles.
3. Install retrofit brick anchors from the ninth floor to the roof to supplement weakened brick ties so the brick cannot fall away from the building.
4. Request alternates for clip angles to be installed at four inside corners and at the brick under the openings to the exercise yard, because they do not indicate the same level of failure. After the areas are opened up, a determination can be made as to whether this work will be necessary.

Mr. Kline advised that generally the brick was in good shape.

Comm. Sandlin asked what recourse the county had.

Mr. Kline said that the county attorney would have to advise the county in terms of the statute of limitations, because the building is 12 years old. He stated that if the contract contained anything about mediation or arbitration that would make it easier. He stated that all parties were still in business.

Mr. Kline advised that the additional work would cost approximately \$223,609. He reported that the contractor had quoted the same prices for the additional work as was quoted in the original bid for the project.

Mayor Burgess requested additional funding of \$224,000 to complete the additional work for the brick repair.

Comm. Sandlin asked if the original architect and contractor were involved in the repairs that were done in 2005 and 2006, why were they not involved with this repair.

Mr. Kline advised that they had been involved. He stated that both Hardaway Construction and Shaw Jones, the masonry contractor, had been involved. He also stated that the original architect was informed as to what was happening. He stated that Hardaway and the masonry contractor were helpful and provided the information they had, but they had to pay them to do the testing. He stated that he could not get in touch with the structural engineer. The original architect did respond, but he could not find the specifications. Mr. Kline advised that he had obtained the plans, but did not have the specifications.

The Finance Director advised that the additional funding could be provided from either the Restricted for Capital Projects (Development Tax) or Unassigned Fund Balance. She advised that if the funding came from the Development Tax, the estimated ending fund balance would be approximately \$1.4 million.

Comm. Jordan stated that last month Comm. Baum asked if the asset forfeiture money in the DEA Special Purpose Fund could be used for items such as this, and was told that the money could only be used for drug enforcement matters. Since that time, it has been reported that the asset forfeiture money could possibly be used for operations at the jail.

The Finance Director advised that she believed that the recommendation to use the asset forfeiture money would have to come from the Sheriff. She stated that she did not believe that the Budget Committee or the County Commission could direct how the money would be spent.

Mr. Russell advised that the asset forfeiture funds were typically used for things not of this nature.

The Finance Director recommended that the additional funding for the brick repair be provided from the Development Tax.

Mayor Burgess advised that if the Unassigned Fund Balance was used for the funding, it would drop the estimated percentage on hand. He also advised with the next bond issue the rating agencies would be looking at the fund balances.

Comm. Shafer asked if a motion could be made to provide the additional funding from the Development Tax, and to also authorize that the County Mayor meet with the Sheriff to see if he would be willing to provide one-half of the funding from the DEA Special Purpose Fund.

Mayor Burgess advised he would do whatever he was directed to do, but that the issue needed to be resolved at the December County Commission meeting.

Comm. Shafer asked Mayor Burgess if he planned to talk to the Sheriff to see what he thought about the matter.

Mayor Burgess stated that he would talk to Sheriff Arnold.

Following discussion, Comm. Shafer moved, seconded by Comm. Jernigan to provide additional funding of \$224,000 from the Restricted for Capital Account (Development Tax) for additional work for the brick veneer repair at the Rutherford County Sheriff's Department.

Comm. Peay asked Mr. Kline how long the brick repair would last.

Mr. Kline advised that theoretically, the repairs should be permanent.

Comm. Peay asked who would contact the County Attorney and ask him to look into this matter in terms of any liability.

Mayor Burgess advised that he would contact the County Attorney.

Following discussion, the motion to provide additional funding of \$224,000 from the Restricted for Capital Account (Development Tax) for additional work for the brick veneer repair at the Rutherford County Sheriff's Department passed unanimously by roll call vote.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy adjourned the meeting at 7:58 P.M.

Elaine Short, Secretary